



Boone County, Indiana

Established 1830

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To: J. Barry Wood
Director of Assessments
Indiana Department of Local Government Finance

Re: SUMMARY REPORT
2018 BOONE COUNTY ANNUAL ADJUSTMENT RATIO STUDY

The following document is issued as supporting documentation to the 2018 Boone County Internal Ratio Study submitted to the Indiana Department of Local Government Finance on March 1, 2018. The Ratio Study was submitted via e-mail, to your attention, in Microsoft Excel format.

The annual adjustment process was performed by Government Utilities Technology Service (GUTS). The assessed values in Boone County were established by implementing the latest updated depreciation calculation date suggested by The Department and adjusted using local Sales, Income & Expense, and Market data. The attached ratio study was performed in accordance with the *IAAO Standard on Ratio Studies*.

RESIDENTIAL PROPERTIES

- **Vacant vs. Improved Sales in Ratio Study - *NOTE:*** While extracting sales for the 2018 Boone County Ratio study, vacant vs. improved sales were determined by Box 3 (Vacant Land) in the Conditions Section (B) of the Sales Disclosure Form, not by Property Subclass. In the past, this has been an issue during the review process by the DLGF representative. If box 3 is checked 'Yes', those sales will be in the Vacant Residential Ratio Study. If box 3 is checked 'No', those sales will be in the Improved Residential Ratio Study.

At the time many Sales Disclosures were filed with the Assessor, data entry on new construction had not been completed. Many parcels involved with improved sales still had a subclass of vacant (500, 501, etc) and the dwellings had not been entered into the system. In order to maximize the number of sales deemed valid and used in the study, the PVDNet Trending/Ratio Study Module points to Box 3 (Vacant Land) when gathering sales, not a subclass that may have been changed after the Sales Disclosure Form was filed. Using Box 3 (Vacant Land) instead of subclass insures that upon signing their names, buyers and sellers are certifying they paid X number of dollars for either Vacant Land or Improved Property.

- **Methodology:** The annual adjustment process for residential properties in Boone County was conducted by calculating new neighborhood factors based upon sales deemed valid for trending.

- **Application of Factor (50 IAC21-5-2)** Regarding residential improved property classes, new neighborhood factors were calculated and applied in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines as sales data dictated. For neighborhoods with zero or insufficient sales data, the neighborhood factor was updated based on comparable neighborhoods in that specific residential real estate market. Where sales and/or other market derived data dictated, some properties were left the same for 2018.
- **Sales Data:** Boone County used sales from the mandated sales window of 1/1/2017 through 12/31/2017 to trend each individual neighborhood except for Perry and Harrison Township neighborhoods. There is not significant data that supports sales adjustments so none were made. There were no Townships that had less than 5 sales therefore there was no grouping for this year.
- **Neighborhood Delineations (50 IAC 31-4-1):** A review of the existing residential neighborhood structure for Boone County indicated that the current numbering format and stratification was deemed acceptable in displaying homogenous qualities. The numbering format is such that each neighborhood can be identified by Township by numerical order. As in previous years, some residential neighborhoods required further stratification for differences in lot size and selling price in 2017. New neighborhoods were also created and applicable parcels moved as supported by sales data.
- **Land Values Reviewed:** Upon review of the existing 2018 land values, vacant land sales indicated the need for adjustments to home site base rates, residual/excess rates and primary base rates in some areas. Using vacant lot sales, adjustments were made to residential land rates.
- **Addressing properties that have been remodeled or extensively updated.** In Book 1, Chapter1, page 3 of the Indiana Assessment manual under Appraisal and Examination of Buildings, it states that the Assessor “*is responsible for keeping the assessment data and records current by securing the necessary field data and making changes in the assessment as changes occur*”. When the Assessor discovers properties that have undergone remodeling or updating, the change may be reflected by updating the effective age of the dwelling. In Appendix B, page 5 under Effective Age, the manual states that Effective Age “*can be thought of as the actual age less the years that have been removed from the actual age by such things as maintenance, repair, upgrading, and change. The items that would tend to reduce the effective age might include: new paint, carpeting, roof, furnace, electrical system, windows, plumbing, room additions or general home remodeling*”. If the effective age has been changed in Boone County, the procedure is to follow the chart referenced below as a guideline as to help assure uniformity. The contribution chart referenced below is taken from the Indiana Cost Guidelines. Using these categories, the Assessor determines a range of acceptable overall increase in value related to the accumulated remodel items. The overall charge is up to the discretion of the Assessor as many updates are grouped and/or vary in quality.

Windows, exterior door and floor cover	5%
Exterior	6%
Interior drywall and ceiling finish	8%
Built-ins, cabinets, interior doors, trim	13%
Plumbing fixtures	5%
Floor covering	6%
Light Fixtures, Painting and decorating	6%

COMMERCIAL-INDUSTRIAL PROPERTIES

- **Methodology:** Boone County considered all valid approaches to value (Sales, Cost, and Income) for Commercial/Industrial properties. Upon review of the sales data, if it was determined that there were not sufficient sales to utilize the sales comparison approach exclusively, other approaches to valuation were considered and implemented in accordance with IAAO standards.
- **Sales Data (50 IAC 21-3-3):** Only sales from the mandated sales window of 1/1/2017 through 12/31/2017 were considered and no sales were adjusted, again because adequate data is not available to support adjustments.
- **Income data/Income Approach to Valuation (50 IAC 21-3-3):** The sources for the data (Rents, Vacancy Rates, Expense Ratios, Capitalization Rates, etc.) used in these assessments were gathered from individual taxpayer income & expense data, individual property appraisals, public access documentation and historical data from IncomeWorks software.
- **Neighborhood Delineations (50 IAC 31-4-1)** All Commercial/Industrial neighborhoods were evaluated and subtle changes were made to neighborhood delineations. New boundaries were established and some combined as to maintain consistency and equality across jurisdictions.

CYCLICAL REASSESSMENT

- **Status (IC 6-1.1-4-4.2):** Guts has completed all four Phases of the 2014 Cyclical Reassessment process. The workbook has been updated with the appropriate phase marking for every parcel included. Phase I of the 2018 Cyclical Reassessment will begin in May, 2018.

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- **The C.O.D. for the Worth Township Improved Residential study is 4.57.** This study group contains 256 sales. The vast majority of these sales are for new homes (added in new subdivisions) for 2018. The homes in these new subdivisions are mostly tract homes and are all very similar in nature. The sales for these new homes are all very consistent as well. Due to the uniform structure of this homogeneous environment, the C.O.D will tend to be lower than normal.
- **The C.O.D. for the Union Township Improved Residential study is 4.54.** This study group contains 55 sales. The vast majority of these sales are for new homes (added in new subdivisions) for 2018. The homes in these new subdivisions are mostly tract homes and are all very similar in nature. The sales for these new homes are all very consistent as well. Due to the uniform structure of this homogeneous environment, the C.O.D will tend to be lower than normal.